

Vanpooling Made Easy:

An Informational Guide



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Introduction

A vanpool is a sensible alternative to commuting alone in an automobile. It offers a convenient and economical way for employees to get to work, allow employers to offer an extra tax free fringe benefit to their employees at very little cost to themselves, and the entire community benefits from reduced traffic congestion and improved air quality. Vanpool members arrive at work safe, on time, and relaxed. Where available, high occupancy vehicle (HOV) lanes can be used to save valuable time, bypassing traffic jams and gridlock situations that leave other commuters with frazzled tempers and frayed nerves. Passengers can read, sleep, or socialize while avoiding the stress of driving. Drivers can avoid having to bear all of the cost of owning or leasing, insuring, and maintaining a vehicle by themselves.

To assist people interested in forming or operating vanpools the Virginia Department of Rail and Public Transportation (DRPT), with the assistance of commuter assistance agencies throughout the Commonwealth, offers this guidebook to provide you information on how to set up and operate a vanpool. It includes the laws and regulations relating to vanpool formation and operation, the registration and licensing of vanpool vehicles and their drivers, the names and addresses of rideshare agencies that can assist you, and useful information about programs that may supply financial assistance to vanpools.

On July 1, 2002, a substantial revision of the Virginia commercial motor carrier laws went into effect. As part of this revision, the laws regarding vanpools were also revised, clarified, and updated to accommodate changes in the motor carrier statutes and in Federal laws and regulations. These changes have been incorporated into this edition.

The contents of this guide are for informational purposes only and are not intended by DRPT or the other agencies mentioned as legal or tax advice. Interpretations of laws or regulations may vary depending upon the particular situation involved in a vanpool. If you have any specific questions of a legal or tax nature relating to your individual vanpool operation, you are advised to seek competent legal or tax counsel for assistance.

It should be noted that the information, while thought by DRPT to be accurate as of the date it has been published, can easily become out of date because of changes in state or Federal laws or regulations. It is a good idea to check and make sure that changes have not occurred since the date of publication listed on the front cover. Your local rideshare agency should be able to give you helpful advice about what changes have occurred and where you might obtain additional information.

What Is A Vanpool?

A vanpool is a group of individuals, usually seven to fifteen, who have joined together to ride to and from work in the same vehicle. Normally in a non-profit vanpool one of the members volunteers to drive and the others share in the cost of operating the van, including any cost of owning or leasing the van. The whole group enjoys the economy of sharing their commuting expenses and the convenience of sharing the ride to work. Another alternative is a for-profit vanpool where a fare is charged by the owner or operator, who retains the profits from the excess of revenues over expenses.

While some employers may provide transportation in a van or other vehicle for their employees, and in some respects this may appear somewhat like a vanpool, such an arrangement is considered to be an “employer shuttle” and may not be subject to the same rules as a vanpool. This guide applies only to employee operated vanpools and not to employer shuttle types of transportation.

It should also be noted that this guide does not apply to the transportation of migrant workers across state lines for a total distance of more than seventy-five miles. Such transportation is covered by special Federal statutes and regulations. [49 U.S.C. § 31502; 49 C.F.R. Part 398].

Minimum Ridership Requirements and Qualifying Vehicles

The Virginia Ridesharing Statutes, § 46.2-1400 *et seq.* of the Code of Virginia (1950), do not set a minimum number of passengers necessary for a vanpool or distinguish between a carpool and a vanpool. Thus, under Virginia law two people sharing a ride could technically qualify as a vanpool. However, Federal law requires the use of a vehicle seating at least seven people, including the driver, in order to qualify for tax free vanpool fringe benefits under 26 U. S. C. § 132 (f). (See page 19) Most Virginia rideshare agencies consider seven to be the normal minimum number for a vanpool. If you are considering taking advantage of any of the programs offered for vanpools by your local rideshare agency, you should check with them to ascertain what they consider the minimum vanpool ridership necessary to qualify.

While the term “van” is used throughout this guide for convenience, please note that the seating capacity of the vehicle is what is significant and not its appearance. A vehicle may qualify to be used as a vanpool vehicle even though it is not the type of vehicle commonly thought of as a “van.”

Legal Definitions Applicable To Vanpool Vehicles

Both Virginia law and Federal law define a “commercial motor vehicle,” subject to more strict regulation, as a vehicle designed to transport sixteen or more passengers, including the driver, whether used in a non-profit or a for-profit vanpool. [§ 46.2-341.4 of the Code of Virginia (1950); 49 U.S.C. § 31132 (1)(C); 49 C.F.R. § 390.5].

In addition, Federal law classifies for-profit vanpool vehicles that operate interstate and can transport 9 to 15 passengers, including the driver, as “commercial

motor vehicles,” subject to Federal regulation. [49 U.S.C. § 31132 (1)(B); 49 C.F.R. § 390.5]. However, for-profit interstate vanpools utilizing vehicles “designed or used to transport between 9 and 15 passengers (including the driver)” are exempted from some, but not all, of the regulations that are required for vanpools using larger vehicles. [49 C.F.R. § 390.3(f)(6)]. At the present time, there are proposals, which if adopted, will increase the Federal regulations on such 9 to 15 passenger vans. If you are utilizing a van of this size in a for-profit vanpool operating interstate, you might want to check with the Federal Motor Carrier Safety Administration to ascertain the latest requirements, since no date has been set for a final decision on increased regulation of these vans.

This guide will describe how vanpools are classified and discuss the requirements applicable to the different types and sizes of vanpools.

How To Determine What Rules Apply To A Vanpool

In order to determine what rules govern any specific vanpool you must first ascertain three things:

1. Whether the vanpool is a non-profit or for-profit vanpool;
2. What passenger capacity the van has; and
3. Whether the van travels strictly within Virginia (intrastate) or goes across the state line during its trip (interstate).

There are distinct requirements that apply, depending upon these three factors. The Virginia Department of Motor Vehicles (DMV) has a very helpful website to assist persons starting vanpools by providing them with the necessary information about the required registration, titling, and licensing of the vans used in vanpools. You may want to read the rest of this guide before accessing the website so you can better understand the questions that will be asked. This DMV website may be accessed at: <http://www.dmv.virginia.gov/webdoc/commercial/mcs/getstarted/index.asp>

Categories Of Vanpools

Non-Profit Vanpool

The term “non-profit vanpool” means a vanpool organized by a group of commuters who share the cost of operating the van, as well as the cost of ownership or leasing, with one or more designated as the driver. A non-profit vanpool is a type of *ridesharing arrangement*. Under Virginia law a *ridesharing arrangement* “means the transportation of persons in a motor vehicle when such transportation is incidental to the principal purpose of the driver, which is to reach a destination and not to transport persons for profit.” [§ 46.2-1400 of the Code of Virginia (1950)].

A non-profit vanpool is one in which the driver and passengers are engaged in a ridesharing arrangement in which they share no more than the expenses of the operation of the van. One member of the vanpool may personally own the van and the other members may make payments toward a “capital recovery fund” to cover the cost of the vehicle, thereby sharing the cost of ownership. The members of the vanpool may lease the van from a lessor of vanpool vehicles and make periodic lease payments. Regular payments toward a capital recovery fund not exceeding the cost of the vehicle or used to pay for leasing the vehicle are considered to be eligible expenses of the operation of the van. [§ 46.2-2000.1 (5) of the Code of Virginia (1950)]. Leasing a van used in a non-profit vanpool from a for-profit lessor does not make the vanpool a for-profit vanpool.

For-Profit Vanpool

The term “for-profit vanpool” is used to indicate a vanpool in which the owner or operator of the van charges a fare for the ride, pays all of the capital costs, maintenance, and operating expenses, and keeps any profit left over when all of the costs are deducted. Whether or not the vanpool owner or operator actually makes any profit does not matter.

Because the owner or operator of a for-profit intrastate vanpool would be considered to be accepting or receiving compensation, directly or indirectly, for the service of transporting passengers, under Virginia law, § 46.2-100, the vanpool owner or operator would be considered a “for hire” transporter of passengers. Virginia law classifies such vanpools as “motor carriers” and, more specifically, as “contract carriers.” [§ 46.2-2000 of the Code of Virginia (1950)]. Federal law classifies for-hire interstate vanpools as “for hire motor carriers,” and regulates them if they utilize vans with a passenger capacity of more than eight passengers, including the driver. [49 C.F.R. § 390.5]. *The basic rule is that if a vanpool does not meet the statutory definition set forth for non-profit vanpools, it is considered to be a for-profit vanpool.*

Intrastate vs. Interstate

A vanpool is considered to be operating *intrastate* if the commute trip is confined to routes strictly within the Commonwealth of Virginia. A vanpool is considered to be operating *interstate* if the van travels from a location in Virginia to an out of state location, such as the District of Columbia or Maryland. [§ 46.2-2000 of the Code of Virginia (1950)]. In addition, if a vanpool vehicle has to travel across the state line to get from one part of Virginia to another part of Virginia, it would also be considered to be operating *interstate*. [49 U.S.C. § 13501].

Non-Profit Vanpools: What You Need To Know

Titling and Registration

Requirements for the titling and registration of vans used in non-profit vanpools are based upon the seating capacity of the van being used and whether the van is operated intrastate or interstate:

15-Passenger Or Less Vehicle, Including Driver:

If a non-profit vanpool, operating either within the Commonwealth of Virginia (intrastate), or interstate, uses a van designed or used to transport not more than 15 people, including the driver, then the only titling and registration requirement would be the normal titling and registration of the van with the Department of Motor Vehicles (DMV).

[§ 46.2-1407 of the Code of Virginia (1950); 49 U.S.C. § 31132 (1)(B)].

16-Passenger Or More Vehicle, Including Driver:

If a non-profit vanpool, operating only within the Commonwealth of Virginia (intrastate), uses a van designed or used to transport 16 or more people, including the driver, then the only titling and registration requirement would be the normal titling and registration of the van with the DMV. [§ 46.2-2000 of the Code of Virginia (1950)].

If a non-profit vanpool, operating interstate, uses a van designed or used to transport 16 or more people, including the driver, then in addition to titling and registering the van with the DMV, there would be the requirement of obtaining a U. S. Department of Transportation (USDOT) Number and displaying the number on the vehicle. [49 U.S.C. § 31132 (1)(C)].

License Plates

While no special license plates are required for a non-profit vanpool vehicle, you may want to obtain special pool vehicle or "PV" plates. [§ 46.2-749.10 of the Code of Virginia (1950)]. Many employers and government agencies give preferred parking privileges to vans with "PV" license plates. In addition, rideshare agencies require "PV" license plates on the van in order to qualify for VanStart and VanSave financial assistance (see page 15). "PV" license plates may be ordered through any DMV office. The cost for "PV" license plates, whether for an owned van or one leased under a twelve month or longer lease, is the same as for regular license plates for a passenger car of the same weight. [§ 46.2-695 and § 46.2-749.10 of the Code of Virginia (1950)]. The form for "PV" plates, Form VSA-14, is available at any DMV office.

Driver's License Requirements

15-Passenger Or Less Vehicle, Including Driver:

If the van being used in a non-profit vanpool, is not designed or used to transport more than 15 people, including the driver, whether operated intrastate or interstate, no special driver's license is required and the driver may operate the van with only a regular valid Virginia driver's license.

16-Passenger Or More Vehicle, Including Driver:

If the van being used is designed or used to transport 16 or more people, including the driver, whether operated intrastate or interstate, then the van driver must have a Class C Commercial Driver's License. You must apply for a Commercial Driver's License in person at any DMV office. [§§ 46.2-341.4, 46.2-391.7, and 46.2-341.16 of the Code of Virginia (1950)].

The minimum age for a Commercial Driver's License for *intrastate* van drivers is 18 years, and the minimum age for a Commercial Driver's License for *interstate* van drivers is 21 years. [§ 46.2-341.9 of the Code of Virginia (1950)].

Liability Insurance

15-Passenger Or Less Vehicle, Including Driver:

If you are the owner or operator of a van not designed or used to transport more than 15 people, including the driver, that is used in a non-profit vanpool, whether used intrastate or interstate, you do not have to meet any different insurance limits than you would for a personal vehicle. Unless a person pays the uninsured motorist fee, there is currently a minimum liability insurance requirement of \$25,000 for death or bodily injury to one person, \$50,000 for death or bodily injury to two or more persons, and \$20,000 property damage per accident. [§46.2-472 and § 46.2-473 of the Code of Virginia (1950); 49 C.F.R. § 387.27 (b)(3)].

However, you might want to consider increasing your coverage, depending upon what limits you have. Some insurance companies have special liability policies available for vanpools. If a vanpool is participating in a vanpool subsidy program made available through a local rideshare agency, there may be higher insurance limits required. For your own protection, we recommend you consider commercial insurance coverage if you operate a commuter vanpool on a regular basis.

If you are using a van that seats 10 to 15 people, including the driver, you must give written notice by certified mail to your insurance company that you are going to be using the van in a vanpool at least thirty days in advance of starting the vanpool use, unless you informed the company about the vanpool use at the time you obtained the policy or when you last renewed the policy. If you fail to do this, the company may

cancel your insurance or deny coverage if any accident occurs. [§ 38.2-2217.1 of the Code of Virginia (1950)]. In any case, you should inform your vehicle liability insurance agent that you will be using your vehicle in a vanpool to make sure that the insurance company has no grounds to cancel your policy or to deny coverage if an accident occurs.

16-Passenger Or More Vehicle, Including Driver:

If you are using a van designed to seat 16 or more people, the vehicle will be classified as a *commercial motor vehicle* even though it is being used in a non-profit vanpool, and you must have appropriate commercial liability insurance on the vehicle. At the present time, both Virginia law and Federal regulations require such vans to have minimum single limit liability insurance coverage of \$ 5 million. [§ 46.2-2053 (B) of the Code of Virginia (1950); 49 C.F.R. § 387.303].

Your insurance agent can best advise you regarding your insurance coverage and options. Your local rideshare agency may be able to provide resource information about insurance carriers that other vanpools in your area use.

USDOT Number And Federal Motor Carrier Safety Regulations

Interstate - 16-Passenger Or More Vehicle, Including Driver:

If you are operating a van that seats 16 or more people, including the driver, and are traveling interstate, you must have a United States Department of Transportation (USDOT) Number, must display that number on the van, and must comply with all Federal Motor Carrier Safety Requirements set forth in 49 C. F. R. Parts 350 through 399. The DMV website listed on page 4 has information about where you can download a copy of the form needed to obtain a USDOT Number, Form MCS-150. The Code of Federal Regulations (C. F. R.) parts that are referred to are available on the internet at: <http://www.access.gpo.gov/nara/cfr/page1>.

Other Vanpool Vehicles:

If the van is not designed or used to transport more than 15 people, including the driver, whether operating intrastate or interstate, or is designed or used to transport 16 or more people, including the driver, operating intrastate, it is not subject to any requirement to have a United States Department of Transportation (USDOT) Number or to comply with the Federal motor carrier safety regulations [49 C.F.R. § 390.5 - *Commercial motor vehicle* definition].

Taxes and Local Business Licenses

State Income Tax Consequences

15-Passenger Or Less Vehicle, Including Driver:

Under § 46.2-1404 of the Code of Virginia (1950), “Money and other benefits, other than salary, received by a driver in a ridesharing arrangement using a motor vehicle with a seating capacity for not more than fifteen persons, including the driver, shall not constitute income for the purpose of [the Virginia state income tax law]. Regular payments by riders toward a capital recovery fund not exceeding the cost of the vehicle or used to pay for leasing the vehicle shall be considered reimbursement for eligible expenses of operation.”

16-Passenger Or More Vehicle, Including Driver:

While no specific rules are provided in Virginia law for the state income tax treatment for non-profit vanpools using larger vans seating 16 or more persons, including the driver, as long as the Virginia income tax laws are tied to the Federal income tax laws, the rules found in Internal Revenue Service Publication No. 463 - *Travel, Entertainment, Gift, and Car Expenses* would seem to apply and no income would result from reimbursement for expenses by the riders in the vanpool and no expenses or depreciation could be counted as deductions. A copy of this publication can be obtained at the I.R.S. website: www.irs.gov.

Federal Income Tax Consequences

If you are using a van you own in a non-profit vanpool, you cannot deduct the cost of operating the van on your Federal income tax return. However, any payments you receive from your passengers are considered reimbursements for your expenses and are not included as income on your Federal return. For further information, see Internal Revenue Service Publication No. 463 – *Travel, Entertainment, Gift, and Car Expenses*, available on the I.R.S. website at www.irs.gov.

Possible Personal Property Tax Consequences

15-Passenger Or Less Vehicle, Including Driver:

Under § 58.1-3506 (A)(13) of the Code of Virginia (1950) “[p]rivately owned vans with a seating capacity of not less than seven nor more than fifteen persons, including the driver, used exclusively pursuant to a ridesharing arrangement” may be taxed by a locality for personal property tax purposes at a lower rate, if the locality chooses to do so. This is completely optional with the local government. Check with your local Commissioner of Revenue for your applicable tax rate.

16-Passenger Or More Vehicle, Including Driver:

Vans having a seating capacity of sixteen or more persons, including the driver, do not qualify for a lower personal property tax rate under § 58.1-3506. Check with your local Commissioner of Revenue for your applicable tax rate.

Local Business License And Gross Receipts Tax

15-Passenger Or Less Vehicle, Including Driver:

Under § 46.2-1405 of the Code of Virginia (1950), the operator of a non-profit vanpool using a vehicle with a seating capacity of no more than 15 people, including the driver, is exempt from obtaining a business license or paying any local gross receipts taxes on the vanpool operation.

16-Passenger Or More Vehicle, Including Driver:

If you are operating a vanpool that utilizes a larger van, you should consult the local Commissioner of Revenue for information as to whether you may be required to have a business license or to pay a gross receipts tax on the vanpool operation.

For-Profit Vanpools: What You Need To Know

Titling and Registration

Requirements for the titling and registration of vans used in for-profit vanpools are based upon the seating capacity of the van being used and whether the van is operated intrastate or interstate:

Intrastate Vanpool

If a for-profit vanpool, *operating only within the Commonwealth of Virginia* (intrastate), uses any van, regardless of the seating capacity, they must obtain an Intra-state Operating Authority from the DMV [§ 46.2-2001.1 of the Code of Virginia (1950)] in addition to titling and registering the van.

Interstate Vanpool

If a for-profit vanpool, operating interstate, uses a van not designed or used to transport more than 8 people, including the driver, then the only titling and registration requirement would be the normal titling and registration of the van with the DMV. [49 U.S.C. § 31132 (1)(B)].

If a for-profit vanpool, operating interstate, uses a van designed or used to transport 9 to 15 people, including the driver, then besides the titling and registration of

the van with the DMV, there would be the requirement of obtaining a U. S. Department of Transportation (USDOT) Number and displaying that number on the van [49 C.F.R. § 390.3; 49 C.F.R. § 390.21(b)(2)].

If a for-profit vanpool, operating interstate, uses a van designed or used to transport 16 or more people, including the driver, then in addition to titling and registering the van with the DMV, there would be the requirements of obtaining a U. S. Department of Transportation (USDOT) number, displaying that number on the van, and filing a Single State Registration System (SSRS) form with the DMV. [49 U.S.C. § 14504a; 49 C.F.R. § 390.5; 49 C.F.R. § 390.21(b)(2)].

Intrastate Vans - DMV Operating Authority

For-profit vanpools operating only within Virginia must have Virginia Intra-State Operating Authority from the Virginia Department of Motor Vehicles (DMV). [46.2-2001.1 of the Code of Virginia (1950)]. More information about Intra-State Operating Authority is available on the DMV website at:

www.dmv.virginia.gov/webdoc/commercial/mcs/programs/intrastate/index.asp

Interstate Vans - Single State Registration System (SSRS)

For-profit vans, operating interstate, designed to transport 16 or more people, including the driver must have Single State Registration System (SSRS) forms filed with the Virginia Department of Motor Vehicles (DMV). [49 U.S.C. § 14504; 49 U.S.C. § 31138 (b)(1)]

A proposal that for-profit vanpools using vans designed to transport 9 to 15 people, including the driver, be required to file SSRS forms is now under study. If you are planning to use such vans in an interstate vanpool, you should check to ascertain whether such a requirement has been adopted.

More information about SSRS is available on the DMV website at:
www.dmv.virginia.gov/webdoc/commercial/mcs/programs/ssrs/index.asp

License Plates

For profit vans must have "For Hire" or "H" designation license plates. [§ 46.2-711 of the Code of Virginia (1950)]. Assistance is available at any Department of Motor Vehicles (DMV) office.

Driver's License Requirements

15-Passenger Or Less Vehicle, Including Driver:

If the van is not designed or used to transport more than 15 people, the driver does not have to have a Commercial Driver's License (CDL). Only a regular valid Virginia driver's license is required. At the present time, Federal requirements for a Commercial Driver's License (CDL) to operate a for-profit vanpool van seating 9 to 15 people interstate are being studied. Anyone planning to operate such a van should check to make sure the CDL requirement has not been adopted.

16-Passenger Or More Vehicle, Including Driver:

All for-profit vanpool drivers of vans carrying 16 or more people, including the driver, are required to have a Class C Commercial Driver's License (CDL). [49 C.F.R. § 385.5]. You must apply for a Commercial Driver's License in person at any DMV Office.

It should be noted that the minimum age for a Commercial Driver's License for *intrastate* van drivers is 18 years, but the minimum age for a Commercial Driver's License for *interstate* van drivers is 21 years. (§ 46.2-341.9 of the Code of Virginia (1950)).

Liability Insurance

Intrastate For-Profit Vanpools

For-profit vanpools operating intrastate must have certain minimum limits of combined single limit liability insurance set by *Virginia law*. The minimum required depends upon the passenger carrying capacity of the van. At the present, these are the required minimums:

- For a van designed to transport no more than 6 passengers, including the driver - \$350,000.
- For a van designed to transport 7 to 15 passengers, including the driver - \$1,500,000.
- For a van designed to transport 16 or more passengers, including the driver - \$5,000,000. [§ 46.2-2053 (B) of the Code of Virginia (1950)].

Interstate For-Profit Vanpools

For-profit vanpools operating interstate must have minimum limits of combined single limit liability insurance required by *Federal statutes and regulations*. The minimum required depends upon the passenger carrying capacity of the van. At the present, these are the required minimums:

- For a van designed to transport no more than 8 passengers, including the driver, the state insurance requirements would apply. [49 U.S.C. § 31132 (1)(B)]. These would be:
 - For a van designed to transport 6 or fewer passengers, including the driver - \$350,000.
 - For a van designed to transport 7 or 8 passengers, including the driver - \$1,500,000. [§ 46.2-2053 (B)]
- For a van designed to transport 9 to 15 passengers, including the driver - \$1,500,000. [49 U.S.C. § 31138 (b)(2); 49 C.F.R. § 387.303 (b)(1)(ii); § 46.2-2053 (B) of the Code of Virginia (1950). *Note that while an exception to the required Federal minimum exists for a van used "in a single daily round trip to commute to and from work" under 49 U.S.C. § 13506 (a)(10), 49 U.S.C. § 31138 (e)(3), and 49 C.F.R. § 387.27 (b)(3), at the present time Virginia law requires the same minimum coverage as federal law.*]
- For a van designed to transport 16 or more passengers, including the driver - \$5,000,000. [49 U.S.C. § 31138 (b)(1); 49 C.F.R. § 387.303 (b)(1)(ii)]

Before beginning operations you must consult your vehicle liability insurance agent. Certain forms are required, depending upon the specific requirements you have to meet. Your insurance agent can make sure that all Federal and state insurance requirements are properly met and all necessary forms have been filed with the proper agencies. Your local rideshare agency may be able to provide resource information on insurance carriers that other vanpools in your area use.

USDOT Number, Federal Motor Carrier Safety Regulations, and Other Federal Regulations

9 To 15-Passenger Vehicle, Including Driver:

All for-profit vanpools with vans carrying 9 to 15 people, including the driver, operating interstate, must have a United States Department of Transportation (USDOT) Number, must display the number on the vehicle, must maintain accident reports required by Federal regulations found in 49 C.F.R. § 390.15, and must cooperate with Federal authorities in any accident investigation conducted by them. [49 C.F.R. § 390.3 (f)(6)].

At the present time, no decision has been made as to what, if any, additional Federal regulations might be imposed on these "small passenger carrying commercial motor vehicles." Rules have been proposed and are pending further study. Any interstate for-profit vanpool operator in this category should check with the Federal Motor Carrier Safety Administration to ascertain what rules are applicable, since no date has been set for a final decision on the proposal for additional regulation.

16-Passenger Or More Vehicle, Including Driver:

All for-profit vanpools with vans carrying 16 or more people, including the driver, operating interstate, must have a United States Department of Transportation (USDOT) Number, must display the number on the vehicle, and must comply with all Federal Motor Carrier Safety Regulations set forth in 49 C. F. R. Parts 350 through 399, including the Safety Fitness Procedures set forth in 49 C. F. R. Part 385.

Taxes and Local Business Licenses

Federal and State Income Taxes

If you operate a for-profit vanpool, you must include any payments from your passengers in your income on both your Federal and your state income tax returns. However, any expenses you incur in operating the vanpool would be considered as deductions. [I.R.S. Publication No. 463 – *Travel, Entertainment, Gift, and Car Expenses*]. A tax professional should be consulted for advice about the tax treatment of particular items of income, expense, or depreciation relating to the operation of your for-profit vanpool.

Local Business License and Gross Receipts Tax

A for-profit vanpool may be required to obtain a local business license and pay gross receipts tax depending upon the local business license ordinance of the city or county in which the vanpool is located. The owner or operator should check with the local Commissioner of Revenue to determine the locality's requirements.

Vanpool Requirements Chart

(All Passenger Numbers Include the Driver)

	Titling of Van at DMV	USDOT Number	Commercial Driver's License	Intra-State Op. Authority	Single State Regis. System
INTRASTATE:					
INTRASTATE: Non-Profit Vanpool 15 or Less Passengers	X				
INTRASTATE: Non-Profit Vanpool 16 or More Passengers	X		X		
INTRASTATE: For-profit Vanpool 15 or Less Passengers	X			X	
INTRASTATE: For-profit Vanpool 16 or More Passengers	X		X	X	

INTERSTATE:					
INTERSTATE: Non-Profit Vanpool 8 or Less Passengers	X				
INTERSTATE: Non-Profit Vanpool 9 to 15 Passengers	X				
INTERSTATE: Non-Profit Vanpool 16 or More Passengers	X	X	X		
INTERSTATE: For-profit Vanpool 8 or Less Passengers	X				
INTERSTATE: For-profit Vanpool 9 to 15 Passengers	X	X			
INTERSTATE: For-profit Vanpool 16 or More Passengers	X	X	X		X

Leasing of Vanpool Vans

There are a number vanpool leasing companies available. Contact your local commuter assistance agency for more information.

Financial Assistance Available for Starting, Operating, and Maintaining Vanpools

VanStart And VanSave

Anyone operating a non-profit vanpool serving residents of the Commonwealth of Virginia, using a van with a seating capacity of 7 to 15, including the driver, is eligible to apply for VanStart and VanSave assistance. The local rideshare agency, or, if none, the rideshare agency closest to you can provide you with the specific details on how to apply. VanStart is designed to assist in getting new vanpools started and VanSave is designed to make sure that existing vanpools that suffer a temporary loss of riders avoid terminating their service and can get back up to full occupancy quickly. The following general rules apply to these programs.

VanStart

The VanStart Program is designed to assist new vanpools to get started. VanStart provides a temporary monetary subsidy for a short period to allow the vanpool time to get the necessary number of riders and is only available one time (based upon origin and destination).

1. The owner-operator or van lessee must register the vanpool with the local rideshare agency and apply for VanStart assistance within the first three months of operation.
2. The vanpool must already have at least 50% of its passenger capacity filled.
3. The vanpool must be aggressively recruiting new riders and must cooperate with the rideshare agency in attempting to attract new riders.
4. The van must be properly registered with both the DMV and locality and have "PV" plates on it.
5. The van must have the minimum required liability insurance on it.
6. Assistance is not available if 50% or more of the total ridership has been in another vanpool that has received state financial assistance in the past 12 months.

7. Qualified vanpools may receive cash subsidies up to the following maximums:

Total Passenger Seats*	Seat Assistance Month #1	Seat Assistance Month #2	Seat Assistance Month #3	Seat Assistance Month #4
15	4	3	2	1
12	3	2	1	0
9	2	2	1	0
7	2	1	1	0

*Including driver.

The award of financial assistance is at the discretion of the rideshare agency. Any amount awarded will be based upon the seating capacity of the van and the evaluation by the rideshare agency of the average cost per passenger seat, excluding the driver, for all vanpools operating within comparable distance parameters and within comparable market areas. The local commuter assistance agency can provide further details.

VanSave

VanSave is a program to allow existing vanpools that have suffered a major loss in ridership to continue to operate until the ridership can be built back up to a break-even level.

1. The owner-operator must have registered the vanpool with the local commuter assistance agency for at least 30 days prior to applying for VanSave assistance.
2. The vanpool must be aggressively recruiting new riders and must cooperate with the rideshare agency in attempting to attract new riders.
3. The van must be properly registered with both the DMV and locality and have "PV" plates on it.
4. The van must have the minimum required liability insurance on it.
5. The vanpool must have lost at least 25% of its passengers for more than 30 days.
6. The vanpool must have been operating for at least six months and must not have received any state financial assistance in the past 12 months.
7. Qualified vanpools may receive cash assistance up to the following maximums:

Total Passenger Seats*	Seat Assistance Month #1	Seat Assistance Month #2	Seat Assistance Month #3	Seat Assistance Month #4
15	4	3	2	1
12	3	2	1	0
9	2	2	1	0
7	2	1	1	0

*Including driver

The award of assistance is at the discretion of the commuter assistance agency. Any amount awarded will be based upon the seating capacity of the van and the evaluation by the commuter assistance agency of the average cost per passenger seat, excluding the driver, for all vanpools operating within comparable distance parameters and within comparable market areas.

Federal Vanpool Assistance Program

Several Virginia regions participate in a Federal Transit Administration (FTA) program that provides reimbursement for capital expenditures to qualified commuter vanpools that participate in the program through their local transit and rideshare agencies. This capital reimbursement is frequently used by the vanpool operator to lower the cost to each passenger in the vanpool. Participation requires daily tracking and reporting of each van's total passengers' miles traveled. Contact your local commuter assistance agency to see if the program is available in your area.

Tax Free Fringe Benefits for Vanpoolers

Commuter Choice Programs

Vanpool participants may be eligible for a tax-free fringe benefit. Under Federal tax law an employer can provide to employees who vanpool or use mass transit up to a maximum of \$115 per month (2008) to help offset their expense of commuting to and from work. [26 U.S.C. § 132 (f). Regulations are at 26 C.F.R. § 1.132-9]. This amount will increase in the future as the cost of living increases. Since the benefit is tax free, the value to the employee is much greater than a similar dollar amount increase in salary would be. If your employer does not offer such a benefit, you may wish to make your employer aware of it. More details can be obtained from your local rideshare agency.

In order to qualify, the vehicle must have a minimum seating capacity of seven persons, including the driver, and must be used at least eighty percent of the time, based upon mileage, transporting persons to and from work while the van is at least 50% occupied by commuting passengers, not counting the driver.

Government Employees

Many employees of the Federal government are eligible to receive the maximum allowable tax-free fringe benefit described above under the Federal Commuter Choice Program.

Some employees of the Commonwealth of Virginia government may receive similar benefits under the Commonwealth Commuter Choice Program, depending upon their agency and the location of the office to which they report. For further information, check out the information at:

<http://www.drpt.virginia.gov/studies/files/CommuterChoice.pdf>

An employee of either the Federal or state government can also obtain information on the appropriate program from his or her agency's human resources personnel.

Guaranteed Ride Home Program

One of the advantages of vanpooling is that it makes you eligible for a Guaranteed Ride Home or Emergency Ride Home Program offered by nearly all of the commuter assistance agencies in the Commonwealth. The Guaranteed Ride Home Program is designed to provide a way to get home in case of a personal or family emergency or unscheduled required overtime. While there may be some minor variations in programs, most programs embody these attributes:

1. Generally anyone who commutes to work by a vanpool at least two days per week is eligible.
2. The person requesting a Guaranteed Ride Home must have commuted to work that day by vanpool or by another non-automobile commute mode, such as walking, bicycling, taking mass transit, or carpooling.
3. The person must have registered with the rideshare agency for the Guaranteed Ride Home Program, although most allow a person to use Guaranteed Ride Home once before registering, but require registration for any future rides.
4. A maximum number of Guaranteed Rides Home may be used in any one year.
5. Guaranteed Ride Home is not available for personal errands, inclement weather conditions, transit service disruptions, previously scheduled appointments, voluntary non-required overtime, or business related travel.
6. Guaranteed Ride Home Programs may be limited to commute trips within the local commuter assistance agency service area although there are several regional programs in the Commonwealth.

There may be some local variations in the programs offered by the different rideshare agencies. Contact your local commuter assistance agency for more information about the exact requirements in your locality.

Where To Get Additional Information

The best source for information about vanpooling is your local commuter assistance agency. Commuter Assistance agencies exist to assist people with their daily commute transportation needs, including helping commuters establish, operate, and join vanpools. Friendly, courteous staff will assist you in learning more about vanpooling, how to organize or join a vanpool, and what financial assistance may be available for vanpools originating in your area. If there is no program serving your locality, you can contact the commuter assistance agency nearest to you for assistance.

Area Served	Rideshare Agency	Phone No.
Charlottesville Area	RideShare	(434) 295-6165
Fauquier, Rappahannock, Culpeper, Orange and Madison Counties	Rappahannock Rapidan Commuter Services	(540) 829-7451
City of Winchester; Clarke, Frederick, Page, Shenandoah and Warren Counties	Valley Commuter Assistance Program (VCAP)	(540) 635-4146
Greater Richmond Area	RideFinders	(804) 643-7433
Roanoke Area	Ride Solutions	(540) 342-9393
Hampton Roads and Eastern Shore Area	TRAFFIX Regional Program	(800) 700-7433
Middle Peninsula - Essex, Gloucester, King & Queen, King William, Mathews and Middlesex Counties	Middle Peninsula Rideshare	(804) 758-2311
Northern Neck - Richmond, Northumberland, Westmoreland, and Lancaster Counties	Northern Neck Rideshare	(804) 333-6683
Northern Virginia, DC, MD	Commuter Connections	(800) 745-RIDE
Fairfax County, Cities of Falls Church and Fairfax	Fairfax County RideSources	(703) 324-1111

Area Served	Rideshare Agency	Phone No.
City of Alexandria	Alexandria Rideshare	(703) 838-3800
Arlington County	Arlington County Commuter Assistance Program	(703) 228-7433
Prince William County, Cities of Manassas and Manassas Park	Potomac and Rappahannock Transportation Commission (PRTC) OmniMatch	(888) 730-6664 Ext. 1
Loudoun County	Loudoun County Rideshare	(703) 771-5665
Spotsylvania County, Stafford County, City of Fredericksburg	GW RideConnect Program	(540) 373-2890



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Virginia Department of Rail and Public Transportation

The Smartest Distance Between Two Points